

Return on Investment (ROI) Program Funding Application

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FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform post implementation outcome audits for all Pooled Technology funded projects and may perform audits on other projects.

This is a Pooled Technology Fund Request. Amount of funding requested: \$75,000.00

Section I: Proposal

Date:	7/22/2003
Agency Name:	Dept of Education
Project Name:	Web Based Uniform Financial Accounting for schools
Agency Manager:	Lee Tack
Agency Manager Phone Number / E-Mail:	(515)281-5293 / lee.tack@ed.state.ia.us
Executive Sponsor (Agency Director or Designee):	Ted Stilwill

D. Statutory or Other Requirements

Is this project or expenditure necessary for compliance with a Federal law, rule, or order?

☒ YES (If "Yes", cite the specific Federal law, rule or order, with a short explanation of how this project is impacted by it.)

Explanation:

NPEFS,(National Public Education Financial Survey)
Census Bureau F-33 Survey (Annual Survey of Local Government Finance),
Federal No Child Left Behind performance measures

Is this project or expenditure required by state law, rule or order?

☒ YES (If "YES", cite the specific state law, rule or order, with a short explanation of how this project is impacted by it.)

Explanation:

Iowa Code 291.10 - The school district shall file an annual report with the director of the Department of Education on forms provided for that purpose.

Does this project or expenditure meet a health, safety or security requirement?

☐ YES (If "YES", explain.)

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?

☐ YES (If "YES", cite the specific standard.)

Explanation:

[This section to be scored by application evaluator.]

Evaluation (20 Points Maximum)

If the answer to these criteria is "no," the point value is zero (0). Depending upon how directly a qualifying project or expenditure may relate to a particular requirement (federal mandate, state mandate, health-safety-security issue, or compliance with an enterprise technology standard), or satisfies more than one requirement (e.g. it is mandated by state and federal law and fulfills a health and safety mandate), 1-20 points awarded.

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E. Impact on Iowa's Citizens

a. Project Participants

List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, other levels of government, etc.) and provide commentary concerning the nature of participant involvement. Be sure to specify who and how many **direct** users the system will impact. Also specify whether the system will be of use to other interested parties: who they may be, how many people are estimated, and how they will use the system.

Response:

U.S. Department of Education and Bureau of the Census staff will provide the revised accounting handbook which is the basis for Iowa's updated handbook, and will answer questions related to coding and accounting conflicts between the state and national levels.

Department of Education, Department of Management, and the Office of the State Auditor will collaborate on aspects of the project in order to maintain consistency across all financial matters affecting districts or AEAs, such as audit presentation, budget presentation, and financial presentation.

All public schools will have the opportunity to view and provide comments on the draft chart of accounts via the web in a way similar to providing public input on administrative rules. In addition, a focus group of district and AEA personnel will be asked to give in-depth review of the system.

All known independent auditors and financial software vendors used by Iowa districts will be contacted, asking them to review the system and determine its compatibility with their systems.

The major education associations in Iowa will be contacted and specific input solicited.

b. Service Improvements

Summarize the extent to which the project or expenditure improves service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response:

This project will provide electronic transmittal of the revenues and expenditures data using a uniform chart of account for each school district and Area Education Agency (AEA) in the state to the Department

of Education. The project will simplify reporting by eliminating summary reports. Summary reports will be created using the detailed account information electronically submitted from each the accounting system of each school district. The project will improve efficiency and timeliness of reporting financial data. Data burden for local school districts and AEAs will be reduced and work processes at the state and local level will be improved. Better and more timely information at the State and local level will improve planning and decision making.

The Department currently has Project EASIER (EDI) which allows transmittal of individual student records. This new project is a similar concept for fiscal data.

c. Citizen Impact

Summarize how the project leads to a more informed citizenry, facilitates accountability, and encourages participatory democracy. If this is an extension of another project, what has been the adopted rate of Iowa's citizens or government employees with the preceding project?

Response:

This improved system will result be more efficient use of local and state personnel. The project will result in uniform reporting software, state and local reports can be created in a timely manner and comparisons will be more meaningful with the use a uniform chart of accounts. School district, AEA, Department will receive the most immediate and direct benefit.

Citizens, especially boards of education and legislators, also benefit. These two groups are unique users of revenue and expenditure data for the purposes of accountability and policy making.

The districts and AEAs will be able to copy the chart of accounts which will save them time in developing accounts. They will also be able to directly upload without having to sort the data into multiple reports. The project will create uniform reports, which will be faster and substantially reduce paperwork at the local level.

d. Public Health and/or Safety

Explain requirements or impact on the health and safety of the public.

Response:

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- Minimally improves Customer Service (0-3 points).
- Moderately improves Customer Service (4-6 points).
- Significantly improves Customer Service (7-10 points).

[This section to be scored by application evaluator.]

Evaluation (15 Points Maximum)

- Minimally directly impacts Iowa citizens (0-5 points).
- Moderately directly impacts Iowa citizens (6-10 points).
- Significantly directly impacts Iowa citizens (11-15 points).

F. Process Reengineering

Provide a pre-project or pre-expenditure (before implementation) description of the impacted system or process. Be sure to include the procedures used to administer the impacted system or process and how citizens interact with the current system.

Response:

Currently all school districts and AEAs have automated financial accounting systems. These systems are selected by the local school district and AEA. They vary in sophistication however each is capable of producing a file that can be uploaded and forwarded to the State. Data from the local systems is crosswalked into the Department of Education formats and summarized into various tables for reporting to the State. The tables are then forwarded to the state (e-mail or FTP) and these are uploaded into a legacy system

Many of the cells in the tables are redundant. Data forwarded is edited by Department staff through a series of logic and math edits.

Iowa school districts and AEAs are required to follow a Federal Uniform Financial Accounting handbook developed in 1990. Iowa's accounting handbook is directly based on the Federal handbook. The federal handbook has been revised and will be officially released within the next few months. Iowa and other states will be revising state accounting handbooks to comply with the changes to the federal system. This is necessary in order to file the federal reports on the new system beginning with FY05.

The current handbook has a list of codes and definitions by dimension (segments of an account number). Districts and AEAs set up their own chart of accounts from the coding list. With the help of their independent software vendors, they download a file from their systems which they upload into a vendor-developed "crosswalk" into the state required reporting form/system. If an account code has been created by the district that really could not exist, the crosswalk will reject it. However, the system is unable to find major miscoding of revenues and expenditures if miscoded to possible account codes. This miscoding is not all identified and corrected, even with extensive editing by department staff.

Provide a post-project or post-expenditure (after implementation) description of the impacted system or process. Be sure to include the procedures used to administer the impacted system or process and how citizens will interact with the proposed system. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response:

This project will create a web-based reporting system that allows districts and AEAs to upload files containing detailed revenue and expenditure data. The detailed data is reported by using a uniform set of account codes across all districts and AEAs. Districts and AEAs would no longer be submitting summary table reports. Instead the reports would automatically be created for them from the data submitted. It would help districts and AEAs create charts of accounts, and it would improve data quality used for state policymakers and federal grant distribution, if Iowa could create a uniform minimum chart of accounts to be used by districts and AEAs in conjunction with the accounting handbook update.

The proposed project would re-engineer the reporting process that the department has used to collect financial data. The Certified Annual Financial Report (CAR) is required to be filled annual by districts and AEAs.

The project would also give districts a set of financial reports to provide to the local board, as required by Iowa Code. Currently the district has to aggregate data and complete these forms themselves. In addition the project would give them a set of crosswalked data from financial records to the annual certified budget. Currently Department staff create mainframe programs, convert them to excel, and send them to the Department of Management to import into the budget program. This project would give the report online to the districts to begin working on budgets and could be transmitted to the Department of Management from the SQL server output. It is expected that this proposed system would be considerably faster and require much less time and work by state staff than the current system.

The new federal law, NCLB, requires performance measures, some fiscal. NCLB is based on a school level concept. The department does not collect this level of detail currently. This project would permit districts to voluntarily provide building level financial data, which could be used to get comparison information and begin developing benchmarks. The department could also use this information to study costs by educational level (elementary, middle, secondary) to use in recommendations required by law in the study of the finance formula. This information would also allow the department to fulfill the requests for comparison data to establish equitable tuition in whole grade sharing arrangements. Whole grade sharing arrangements increase learning opportunities for students, but many arrangements result in board/community resentment or bitterness over the "fairness" of the tuition amount.

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- Minimal use of information technology to reengineer government processes (0-3 points).
- Moderate use of information technology to reengineer government processes (4-6 points).
- Significant use of information technology to reengineer government processes (7-10).

[This section to be scored by application evaluator.]

Evaluation (5 Points Maximum)

- The timeline contains several problem areas (0-2 points)
- The timeline seems reasonable with few problem areas (3-4 points)
- The timeline seems reasonable with no problem areas (5)

H. Funding Requirements

On a fiscal year basis, enter the estimated cost by funding source: Be sure to include developmental costs and ongoing costs, such as those for hosting the site, maintenance, upgrades, ...

	FY05		FY06		FY07	
	Cost(\$)	% Total Cost	Cost(\$)	% Total Cost	Cost (\$)	% Total Cost
State General Fund	\$100,000	57%	\$10,000	100%	\$0	0%
Pooled Tech. Fund /IowAccess Fund	\$75,000	43%	\$0	0%	\$0	0%
Federal Funds	\$0	0%	\$0	0%	\$0	0%
Local Gov. Funds	\$0	0%	\$0	0%	\$0	0%
Grant or Private Funds	\$0	0%	\$0	0%	\$0	0%
Other Funds (Specify)	\$0	0%	\$0	0%	\$0	0%
Total Project Cost	\$175,000	100%	\$10,000	100%	\$0	100%
Non-Pooled Tech. Total	\$100,000	57%	\$10,000	100%	\$0	0%

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- The funding request contains questionable items (0-3 points)
- The funding request seems reasonable with few questionable items (4-6 points)
- The funding request seems reasonable with no problem areas (7-10)

I. Scope

Is this project the first part of a future, larger project?

☐ YES (If "YES", explain.) ☒ NO, it is a stand-alone project.

Explanation:

Is this project a continuation of a previously begun project?

☒ YES (If "YES", explain.)

Explanation:

This project is a multi year project. Last year we put in place the nonfiscal CAR portions; now we are doing the fiscal portion. The intent of the original project was that it would be in two piece--the nonfiscal portions that could not come directly from the chart of accounts and the download of the chart of accounts.

Also, because the minimum chart of accounts must be written, tested, and in place during early FY04 so that districts can change their account codes prior to beginning the fiscal year 2004-2005, otherwise they cannot report that way at the end of FY05.

J. Source of Funds

On a fiscal year basis, how much of the total project cost (\$ amount and %) would be absorbed by your agency from non-Pooled Technology and/or IOWAccess funds? If desired, provide additional comment / response below.

Response:

Department will assign 2 people part time to support this project - \$50,000 and assigning a developer 100% to write the application - \$50,000.

[This section to be scored by application evaluator.]

Evaluation (5 Points Maximum)

- 0% (0 points)
- 1%-12% (1 point)
- 13%-25% (2 points)
- 25%-38% (3 points)
- 39%-50% (4 points)
- Over 50% (5 points)

Section II: Financial Analysis

A. Project Budget Table

It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related.

The Total Annual Prorated Cost (State Share) will be calculated based on the following equation:

$$\left[\left(\frac{\text{Budget Amount}}{\text{Useful Life}} \right) \times \% \text{ State Share} \right] + (\text{Annual Ongoing Cost} \times \% \text{ State Share}) = \text{Annual Prorated Cost}$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	\$100,000	4	100.00%	\$10,000	100.00%	\$35,000
Software	\$7,000	4	100.00%	\$0	0.00%	\$1,750
Hardware	\$50,000	3	100.00%	\$0	0.00%	\$16,667
Training	\$5,000	4	100.00%	\$5,000	100.00%	\$6,250

Facilities	\$0	1	0.00%	\$0	0.00%	\$0
Professional Services	\$10,000	4	100.00%	\$0	0.00%	\$2,500
ITD Services	\$0	4	0.00%	\$0	0.00%	\$0
Supplies, Maint, etc.	\$3,000	1	100.00%	\$0	0.00%	\$3,000
Other	\$0	1	0.00%	\$0	0.00%	\$0
Totals	\$175,000	---	---	\$15,000	---	\$65,167

C. Tangible and/or Intangible Benefits

Respond to the following and transfer data to the ROI Financial Worksheet as necessary:

1. Annual Pre-Project Cost - This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation. **Quantify actual state government direct and indirect costs** (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation.

Describe Annual Pre-Project Cost:

Quantify Annual Pre-Project Cost:

	State Total
FTE Cost (salary plus benefits):	\$32,000.00
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	\$0.00
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	\$0.00
Total Annual Pre-Project Cost:	\$32,000.00

2. Annual Post-Project Cost - This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation. **Quantify actual state government direct and indirect costs** (personnel, support, equipment, etc.) associated with the activity, system or process after project implementation.

Describe Annual Post-Project Cost:

The districts and AEAs will be able to copy the chart of accounts which will save them time in developing accounts. They will also be able to directly upload financial data without having to sort the data into

multiple reports.

The project will create uniform reports, which will be faster and substantially reduce paperwork at the local level.

The project will allow data to be aggregated in multiple ways so that legislators could study specific, and varied, aspects of educational funding.

This project will also provide smaller more manageable reports, faster, directly from the SQL server; allowing the citizen to tailor their own reports from dropdown menu choices.

The availability of chart of account level data, especially if it has building level information, will attract national researchers.

Quantify Annual Post-Project Cost:

	State Total
FTE Cost (salary plus benefits):	\$0.00
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	\$0.00
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	\$0.00
Total Annual Post-Project Cost:	\$0.00

3. Citizen Benefit - Quantify the estimated annual value of the project to Iowa citizens. This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of \$10 per hour for citizen time.

Describe savings justification:

<u>Transaction Savings</u>	
Number of annual online transactions:	2
Hours saved/transaction:	1
Number of Citizens affected:	382
Value of Citizen Hour	40
Total Transaction Savings:	\$30,560
Other Savings (Describe) Consistant pre-defined reports available on the web site to save local administrators, school boards and citizen time.	\$14,800
Total Savings:	\$45,360

4. Opportunity Value/Risk or Loss avoidance - Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or Federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response:

This project helps Iowa avoid being late when filing reports to the National Center for Education Statistics. Data must be file by September 1 and is used to allocate various federal education funding (Title 1, Impact Aid, school nutrition, etc.) This project will help enable the department to submit the information to the federal government in an acceptable format when the new federal handbook is implemented.

5. Benefits Not Readily Quantifiable - List and summarize the overall non-quantifiable benefits (i.e., IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.).

Response:

This will be a significant contribution toward meeting the goal of e-government for the state.

This project will ease reporting for school districts and AEAs.

The project will improve accessibility of school district financial data for the taxpayer.

Providing increased analysis and reporting of school financial data.

ROI Financial Worksheet	
A. Total Annual Pre-Project cost (State Share from Section II C1):	\$32,000
B. Total Annual Post-Project cost (State Share from Section II C2):	\$0
State Government Benefit (= A-B):	\$32,000

Annual Benefit Summary:	\$32,000
State Government Benefit:	\$32,000
Citizen Benefit:	\$45,360
Opportunity Value or Risk/Loss Avoidance Benefit:	\$0
C. Total Annual Project Benefit:	\$77,360
D. Annual Prorated Cost (From Budget Table):	\$65,167
Benefit / Cost Ratio: (C/D) =	1.19
Return On Investment (ROI): ((C-D) / Requested Project Funds) * 100 =	16.26%

[This section to be scored by application evaluator.]

Evaluation (25 Points Maximum)

- The financial analysis contains several questionable entries and provides minimal financial benefit to citizens (0-8 points).
- The financial analysis seems reasonable with few questionable entries and provides a moderate financial benefit to citizens (9-16 points).
- The financial analysis seems reasonable with no problem areas and provides maximum financial benefit to citizens (17-25).

Note: For projects where no State Government Benefit, Citizen Benefit, or Opportunity Value or Risk/Loss Avoidance Benefit is created due to the nature of the project, the Benefit/Cost Ratio and Return on Investment values are set to Zero.

Appendix A. Auditable Outcome Measures

For each of the following categories, list the auditable metrics for success after implementation and identify how they will be measured.

1. Improved customer service

School administrators will complete financial reports and budgets on-line.
Increased ability to analyze financials by School Finance Team.

2. Citizen impact

Certified financial reports for school districts will be available to taxpayer via web.

3. Cost Savings

4. Project reengineering

Improved reliability of school financials due to automated verification as part of upload.
Improve financial analysis by SFT due to standardized data.

5. Source of funds (Budget %)

6. Tangible/Intangible benefits

[Return](#)